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ABSTRACT

Standards-based educational reform has prompted the education system as a whole to examine whether the dollars put into the system reflect an investment in meeting the overarching goals of school reform. Driven by a common goal of improving the achievement of all students to increase the productivity of society in general, the education industry is taking a hard look at where its dollars are going. Schools and districts must play a key role in deciding how resources should be used. Indeed, many schools are looking for ways to reallocate resources to achieve their educational vision. This booklet, "The Dynamics of School Resource Reallocation" (Allan Odden and Sarah Archibald), and the two audiocassette tapes in this package address the issue from multiple viewpoints and levels, in both rural and urban settings. The information is not intended as a guide for change, but rather as a presentation of how systems can assess their current situation and make changes, if needed. The booklet concludes with a list of references, resource Internet sites, publications, and contacts. (RT)

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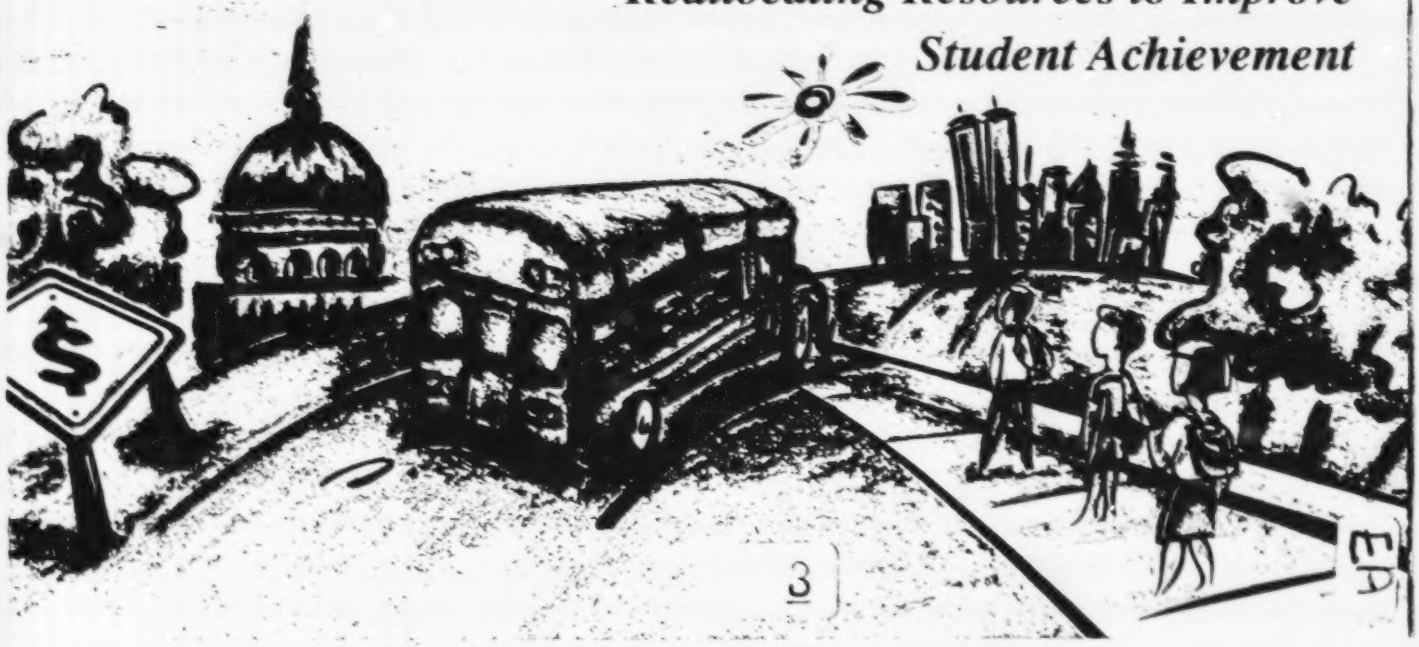
A Better Return on Investment:

Reallocating Resources to Improve Student Achievement



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Standards-based education reform has created a climate of accountability that encompasses both results and resources. Schools and districts must play a key role in deciding how resources should be used. Indeed, many schools are looking for ways to reallocate resources in order to achieve their educational vision.

The enclosed booklet describes the process of change that can lead to resource reallocation and tells how schools are paying for their reform efforts in both rural and urban settings. The tapes look at the issue of resource allocation from both a national and local perspective and feature interviews with experts.

Tape One—National Overview

Featured guests:

Gary Burtless, Economist, Brookings Institution, Washington, D.C.

Allan Odden, Codirector, Consortium for Policy Research in Education (CPRE), University of Wisconsin-Madison

Sheree Speakman, President and CEO, Fox River Learning, Inc.

Bruce Cooper, Professor, Educational Leadership and Management, Fordham University

James Ward, Professor of Educational Administration, University of Illinois-Champaign-Urbana

Neil Theobald, Professor of Educational Administration, Indiana University, Bloomington

David Monk, Dean, School of Education, Penn State University

Joe Sensenbrenner, Sensenbrenner Associates, former mayor of Madison, Wisconsin

Tape Two—Local Implementation

Featured guests:

Karen Hawley-Miles, President, Education Resource Management Strategies

Colleen Seremet, Assistant Superintendent, Dorchester County, Maryland

Mary Anne Rupcich, Ball Charter School, Springfield, Illinois

Sheree Speakman, President and CEO, Fox River Learning, Inc.

Christopher Roellke, Professor of Education, Vassar College

Gloria Woods, Principal on Assignment to the Boston Plan for Excellence

Ellen Guiney, Executive Director, Boston Plan for Excellence

Guy Cahill, Cahill and Associates, former Director of Finance and Operations, Pekin, Illinois School District

Jan O'Neill, Managing Owner, Quantum Learning Dynamics, Madison, Wisconsin

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The Dynamics of School Resource Allocation

by Allan Odden and Sarah Archibald,
Consortium for Policy Research in Education,
University of Wisconsin-Madison

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A Better Return on Investment:

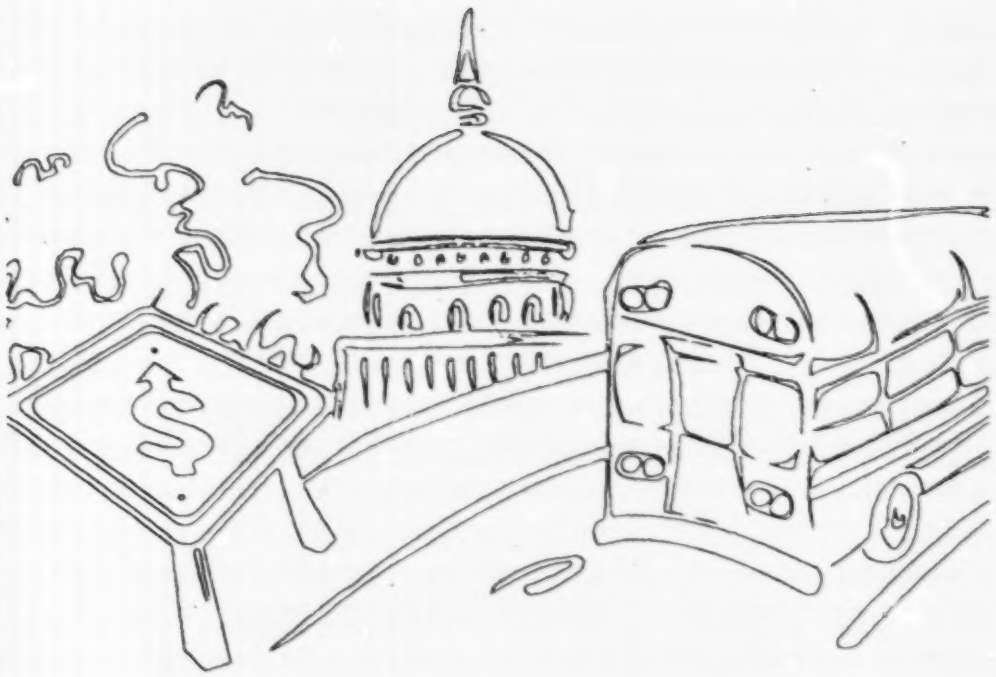
Reallocating Resources to Improve Student Achievement

This multimedia School Development Outreach Project on school resource reallocation provides perspectives on an emerging education policy issue from national, state, and local leaders. The package contains two audiotapes and this accompanying booklet. The following introduction is intended to guide your use of these materials.

The Issue

Standards-based educational reform has prompted the education system as a whole to examine whether the dollars put into the system reflect an investment in meeting the overarching goals of school reform. Driven by a common goal of improving the achievement of *all* students in order to increase the productivity of society in general, the education industry is taking a hard look at where its dollars are going.

This booklet and the tapes in this package address this issue from multiple viewpoints and levels, in both rural and urban settings. The information is not intended as a guide for change, but rather as a presentation of how systems can assess their current situation and make changes, if needed.



A Guide to Contents

Introduction and Overview: Why Reallocate Resources? 1

High standards for curriculum content and increased performance for all students are the main goals of today's educational reform. The authors describe several schools that have undertaken innovative practices to reallocate resources to meet these goals.

The Change Process 4

This section outlines a three-step change process that leads to resource reallocation decisions at the school site.

Step One: Recognizing the Need for Change 4

The authors present examples in which policy-makers at all levels have recognized the need for changes in educational issues.

Step Two: Diagnosing the Need for Change 7

The authors discuss processes districts and schools can use to assess their strengths and weaknesses in order to adopt more effective strategies.

Step Three: Creating a New Educational Strategy 8

Decisions about reallocating funds require that schools "look at the total picture." In this section, the authors discuss areas to consider when developing a needs-assessment strategy that will allow change in schools.

Resource Reallocation Strategies 13

The authors describe resource reallocation strategies that can be used by districts or schools to pay for some of the most expensive elements of a new educational plan.

Resource Reallocation at the District Level 13

While most of the options described in this paper relate to reallocations at the building level, this section notes the potential for reallocating district resources.

Resource Reallocation at the School Level 15

This section addresses resource reallocation at the school level, including staffing resources and other smaller pots of discretionary resources. Profiles of three schools, two rural and one urban, are included as specific examples of reallocation strategies.

Implications for District, State, and Federal Policymakers 26

The authors describe the roles that district, state, and federal policymakers can take to reach new achievement goals.

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Selected resources—including contacts, publications, and Internet sites—are listed.

The Audiotapes

Tape One: A National Overview

Featured experts, in order of appearance, include:

- ***Gary Burtless,*** economist, Brookings Institution—Burtless discusses the issues of teacher quality and the effects of classroom size.
- ***Allan Odden,*** codirector, Consortium for Policy Research in Education (CPRE), University of Wisconsin-Madison—Odden talks about the challenges of the national education reform goal to teach all children to high standards and the difficulties and possibilities this goal presents in terms of finance.
- ***Sheree Speakman,*** president and CEO, Fox River Learning, Inc.—Speakman explains what she has termed "the intersection of money and learning" or the value-added measurement of learning.
- ***Bruce Cooper,*** professor of educational leadership and management, Fordham University—Cooper discusses the manipulation of the measurable inputs and outputs of education.
- ***James Ward,*** professor of educational administration, University of Illinois at Champaign-Urbana, and ***Neil Theobald,*** professor of educational administration, Indiana University-Bloomington—Ward and Theobald explain that "the standards wars" have taught us that we must decide on our goals for education.

- ***David Monk,*** dean, School of Education, Penn State University—Monk expresses concerns about productivity questions.
- ***Joe Sensenbrenner,*** Sensenbrenner Associates; former mayor of Madison, Wisconsin—Sensenbrenner talks about data-driven decision making and promoting productivity.

Tape Two: A Local Perspective

Featured guests, in order of appearance, include:

- ***Karen Hawley-Miles,*** president, Education Resource Allocation Strategies—Hawley-Miles discusses innovative resource reallocation practices based on her "looking at the whole pie" concept. She also touches on concepts of organizational design and data-driven decision making.
- ***Coleen Seremet,*** assistant superintendent, Dorchester County, Maryland—Seremet talks about school organization structures and resource alignment in schools.
- ***Mary Anne Rupcich,*** Ball Charter School, Springfield, Illinois—Rupcich comments on the difference between charter schools and regular public schools in their flexibility to make school-level decisions.
- ***Sheree Speakman,*** president and CEO, Fox River Learning, Inc.—Speakman discusses the value-added measurement of learning.

- ***Christopher Roellke,*** professor of education, Vassar College—Roellke discusses the remarkably similar patterns of spending in all types of districts and describes the effects of state-imposed school reforms on districts, especially small and poor ones.

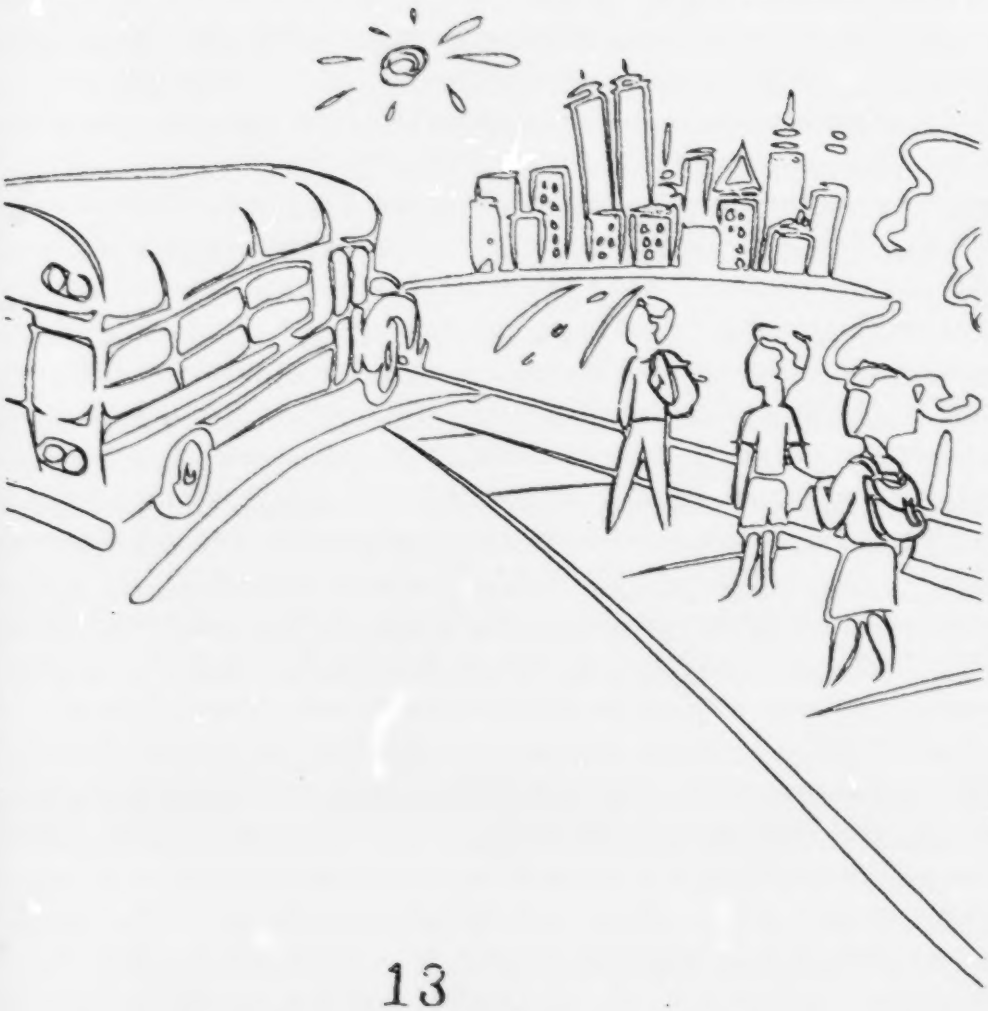
- ***Gloria Woods,*** principal on assignment to the Boston Plan for Excellence—Woods discusses her experiences with schools and the process of alignment with goals.

- ***Ellen Guiney,*** executive director, the Boston Plan for Excellence—Guiney discusses her perceptions on the progress of education in the past decade along with teachers' use of resources, especially in urban districts.

- ***Guy Cahill,*** Cahill and Associates; former director of Finance and Operations, Pekin (Illinois) School District—Cahill talks about the efficient and effective use of monies.

- ***Jan O'Neill,*** managing owner/consultant, Quantum Learning Dynamics—O'Neill discusses the appropriate use of standardized tests as a sampling procedure that could improve the educational system.

We would like to give special thanks to the following people who were interviewed and contributed to the development of this product: Sue Dole, Harriet Arkley, Noel Scott, Tom Heintelman, Chris Pipho, Robert Holster, Diane Rutledge, and Michael Boer.



The Dynamics of School Resource Reallocation

By Allan Odden and Sarah Archibald, Consortium for Policy Research in Education, University of Wisconsin-Madison

Introduction and Overview: Why Reallocate Resources?

The goals and demands of standards-based education reform require the education system to use all available education resources more wisely in the short, medium, and long term. Further, research shows that many stakeholders in our nation's schools—policymakers, district administrators, principals, and teachers—can play key roles in making better decisions about education resource use.

Today's prime education reform goal is to teach all students to high standards. One message embedded within this goal is that reform is focused on *all* students, or at least all but the most severely disabled students. However, teaching all students to high standards means raising performance much more and at a faster pace than resources will rise. Most analysts predict that resources will rise by only 25 percent in real, per-pupil terms over the next 10 years, the period of time in which we want to double or triple the portion of students now achieving at performance standards. Thus, underneath the stated goals of current education reform is

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the unstated imperative to improve the productivity of the education system. In the wake of this challenge, many educators are choosing to maintain their commitment to the ambitious goals of standards-based education reform, and are finding ways to pay for new educational strategies that will help them meet those goals.

Drawing from our forthcoming book, *How Schools Can Reallocate Resources to Boost Student Performance*, and other research on better resource use in schools, this booklet describes how school resources can be reallocated to pay for research-based strategies that boost student achievement. It does so by using information collected from a number of elementary and secondary schools that actually have reallocated resources and boosted student performance.

The sites we discuss represent both elementary and secondary

schools in cities, suburbs, and rural communities, many in the NCREL region (Illinois, Indiana, Iowa, Michigan, Minnesota, Ohio, and Wisconsin). Most but not all of the schools have fairly high percentages of students with disabilities and students eligible for free and reduced-price lunch. Many have substantial numbers of limited-English-proficient children. Their minority populations range from low to high. And most have considerable evidence that their new programmatic and resource use strategies have worked: student performance has risen.

These schools adopted a number of quite expensive educational strategies—such as smaller classes, more planning time for teachers, expanded professional development, and one-on-one tutors for students who are struggling to achieve to high standards—all in an overall context of a more rigorous and cohesive schoolwide curriculum.

This booklet tells how the schools reallocated their resources to finance these expensive programs by describing the decisions they made. In doing so, it discusses the various roles that state, local, and federal policymakers can and do play in this process. The booklet is divided into several sections. The first section describes the change process that schools and districts go through that leads to resource reallocation decisions at the school site. The second section describes how schools pay for such reforms. The third section explores the roles of district, state, and federal policymakers in supporting these changes.

The Change Process

Restructuring programs and reallocating resources constitute a complex, large-scale change process. Each school studied underwent a fairly comprehensive change process involving many different players. Below we describe the steps that schools, districts, and state and federal policymakers go through in this process.

Step One: Recognizing the Need for Change

The recognition that school change is necessary occurs at many different levels. At the state and federal levels, policymakers who recognize that changes must be made thrust educational issues to the top of their agendas, promoting standards-based reform and comprehensive school reform through the creation of new incentives and programs for local educators. At the federal level, the changes in Title I "schoolwide" regulations and the new Comprehensive School Reform Demonstration program are good examples of this type of effort. Policymakers continually repeat their message that student achievement levels are far too low and changes must be made to raise the achievement level of all students. Both governmental levels seem to understand that within a standards-and-accountability framework there can be different school strategies all focused on producing greater student performance (Ross, Sanders & Stringfield, 1998). The combination of a consistent message from state and federal policymakers and the creation of new incentives and programs plays an important part in the change process

by spurring educational change at the local level.

At the district level, administrators hear these messages, and, in many cases, the messages serve to reinforce their own concerns about the level of achievement in their district. They begin to take state standards more seriously and may even create new district standards. In any case, they recognize that standards-based reform demands a more rigorous curriculum and begin either to investigate a new district curriculum or to encourage schools to revamp their own curriculums. Many districts are recognizing that in order to make these changes, schools need more control over their budgets. Concern over the need to raise achievement levels, coupled with this devolution of authority to school sites, often prompts districts to create new accountability systems and new methods of measuring progress.

The combination of a consistent message from state and federal policymakers and the creation of new incentives and programs plays an important part in the change process by spurring educational change at the local level.

At the same time, school administrators are feeling the pressure from state and federal policymakers as they cope with new directives from the district. In many cases, these schools are frustrated with their own achievement levels and are ready to make a change. They recognize that in order to achieve the new goals, they need a stronger curriculum and may need to restructure the school in other ways as well. For example, schools are becoming increasingly dissatisfied with traditional strategies for serving special-needs students—students from low-income backgrounds, students with limited English proficiency, and students with mild learning disabilities. They often conclude that pull-out, remedial strategies are ineffective, especially given the more ambitious goals of standards-based reform. As Gary Burtless states on the tapes that accompany this booklet, we have an obligation to educate these children, and schools are beginning to look for new ways of doing that.

In sum, increasing numbers of schools around the country have become energized to dramatically improve their students' performance. They share a common context where rigorous standards are set by state and local policymakers, restructuring agendas are encouraged by all levels, and budgetary authority is being decentralized, making reallocation possible. In addition, there seems to be an understanding that dramatic school improvement (within a state and district standards-and-accountability framework) is up to the individual school.

Step Two: Diagnosing the Need for Change

Having gotten the message that change is necessary from both the federal and state levels, it is up to districts and schools to assess their strengths and weaknesses carefully and decide which new strategies will be most effective. This can be done by conducting a data-driven needs assessment, a process that is primarily carried out at the school site with important direction and support from district leadership. As Jan O'Neill argues on the tapes, using data to hold people accountable is a critical crossroads for education. Analyzing data on all aspects of the school helps school faculty understand:

- The specifics of student performance by different content areas and different topics within each academic subject
- How performance differs by race, income, and gender
- The specifics of student attendance and mobility
- What parents think about the school

Undergoing such a comprehensive assessment process often takes up to a full year.

Such a data analysis exercise also produces two other elements that support school change. The first is school ownership of the data and the conclusions that are made. Whatever the strengths and weaknesses of the school, they are identified and described by the faculty during this data analysis process. Second, the process creates a thorough and detailed understanding of the school that allows the faculty to better match new educational strategies with the actual needs of the school.

Step Three: Creating a New Educational Strategy

In order to guide the resource reallocation particulars, schools need a new vision—what we call a new educational strategy. As Karen Hawley-Miles encouraged on the accompanying tapes, schools need to look at "the whole pie" and see how it can be used differently. Such a strategy requires decisions about the regular education program as well as about programs and services for special-needs students. Districts can encourage the creation of such a strategy by requiring that schools come up with a plan for change that meets the needs identified in the needs-assessment process.

Many decisions must be made about the regular education program. The first is the overall education program, particularly the curriculum strategies. Some schools select a national school design (see www.nwrel.org/scpd/natspec/catalog) for a list of such designs). Others adapt pieces from different designs. Still others adopt a more rigorous curriculum, program by program. And a few schools are successful in creating their own standards-based curriculum units.

Each school's educational strategy also requires conscious attention to the following issues, which largely drive a school's cost:

- School size
- Overall class sizes
- Targeted small classes for particular subjects (such as reading)
- Student grouping for instruction
- Planning and preparation time
- Professional development

Traditionally, these resource decisions are not made consciously, but schools engaged in resource reallocation make these important decisions very deliberately. For example, a school that identifies low reading scores as the most glaring need will want to consider the most effective reading program, the ideal reading class sizes, the best ways to group students for reading, and the professional development teachers will need to successfully teach the new reading program.

Many of the schools we studied identified low reading scores as the number one problem to be addressed, but they took a variety of approaches to restructuring their reading programs. Many schools adopt a research-proven program, such as Success for All (see www.successforall.net). But several schools implemented small class sizes of 15 and also adopted a new, more phonics-based reading curriculum.

Many of the schools we studied identified low reading scores as the number one problem to be addressed, but they took a variety of approaches to restructuring their reading programs.

Both decisions had cost implications: The former requires tutors and an instructional facilitator and the latter requires more teachers; both require extensive professional development. Schools made these decisions consciously, believing they were the best decisions for their students, and they were aware that they would need to reallocate resources to implement the decisions.

The schools also made dramatic new choices about serving special-needs students. Of course, all had some percentage of struggling students, or students who needed extra help to learn to the level of the higher expectations. As shown in the next section, some schools pooled the funds from various programs for students with special needs in order to afford the more powerful strategies of their new educational program.

Although the amount and specific type of additional help needed by each student varied widely, most schools dramatically reduced or eliminated the pull-out resource room strategies that they found unsatisfying. (Students with severe disabilities continued to be served in self-contained classrooms and thus were not affected by the school restructuring or resource reallocation process.) The schools then implemented some combination of one-to-one tutoring, instruction in small classes of about 15, or some other new strategy. And each particular strategy for struggling students had the goal of educating those students to meet or exceed the high standards established for all students.

Several schools moved pull-out teachers, who had dual licensure in both regular and special education, into regular classrooms and mainstreamed all but the severely disabled students into the smaller classes. This practice also enabled schools to reduce class size by increasing the number of classroom teachers. And by adopting a dual licensure strategy for its teachers, the schools ensured that the expertise needed for each class of students was there. We should note that it was not possible to have all dual-licensed teachers immediately, so schools used short-term solutions, such as having at least one dual-licensed teacher on each teacher team and concentrating the special needs students in the classrooms that were taught by a dual-licensed teacher.

Schools also made decisions about how to use teachers' time to enhance their skills and promote collaboration. Several schools rescheduled the teaching day to provide 90 minutes

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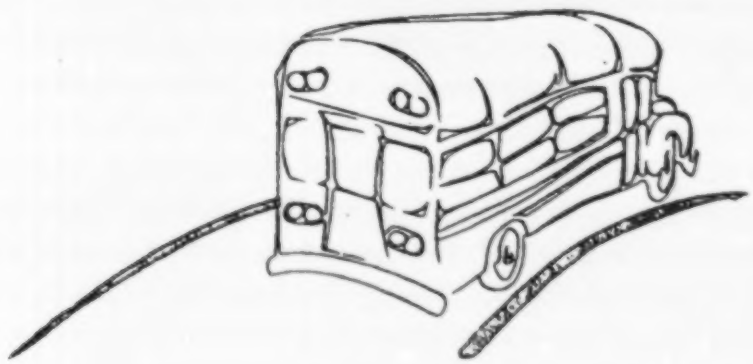
of planning time at least four times each week. Other schools altered the schedule so that all teachers on the same teaching team had their preparation period at the same time to enable them to meet as a team. Some schools added time to four days and then dismissed students early on the fifth day, thus giving teachers 2-3 hours of uninterrupted planning time. Nearly all schools created and implemented new strategies for giving teachers more time during the regular school day to provide the professional development and preparation time needed to implement their new educational strategy.

By structuring, scheduling, and staffing the school according to the imperatives of their students' needs and their new educational strategy, the schools began allocating resources to where they were needed most and could have the largest impact on student achievement. The next section describes that resource reallocation process.



Resource Reallocation Strategies

This section discusses some of the resource reallocation strategies that can be employed to pay for the expensive elements of a school's new educational strategy. It also addresses the sources of funding that are most commonly tapped for reallocation. The first part briefly describes the potential for resource reallocation at the central district office. But because reallocating school resources to boost student performance is essentially an issue of using staffing resources more effectively, the second and longer part discusses resource reallocation by the categories of staff found in most schools. Included in this section are the reform and resource reallocation particulars from three schools in the NCREL region.

Resource Reallocation at the District Level

While most of the money to be reallocated in any school district is at the building level, some district-level resources can also be reallocated. Such reallocations may include cutting some programmatic positions at the district level and shrinking the size of the district office or finding ways to operate district functions such as transportation, food service, and maintenance more efficiently. To identify ways that resources could be used more effectively, districts should examine the alignment between their activities and their mission of educating all students to high standards.

A good example of central office resource reallocation is Community District 2 in New York City (Elmore & Burney, 1996). Recognizing a crippling lack of meaningful profes-

sional development opportunities for teachers in the district, the central office eliminated most of the categorical program and instructional support staff and turned those resources into dollars for professional development. The district eliminated nearly all program support staff for both federal (Title I) and state compensatory education programs, bilingual education, and special education. It took those funds and reallocated them to professional development focused on reading, writing, and mathematics. Over a five-year period, the district expanded professional development expenditures to about 5 percent of its operating budget. It then used those funds to focus relentlessly on developing teachers' instructional expertise in reading. After that time period, the district's students produced one of the highest-ever scores on the New Standards Reference assessments.

The superintendent in charge of the overhaul of District 2, Anthony Alvarado, is now the chancellor for instruction in San Diego. This district also lacked a professional development program for teachers that would help them teach students to higher standards. Therefore, he reduced the central office by about 10 percent to begin the process of reallocating a large portion of the operating budget for a similar kind of focused, intensive, and ongoing professional development in literacy and numeracy.

In another district we studied, the central office was reorganized around a reform process that the superintendent put into place. This reorganization involved cutting staff positions that were not critical for accomplishing the new goals, overhauling the computer system to reduce inefficiency and

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eliminate the need for some positions, and implementing a new system for monitoring maintenance projects that dramatically reduced wasted time and money.

In sum, there is potential at the central office to reallocate staffing resources and other central resources. This process is especially important for districts to undertake because it forces them to examine whether dollars are being spent as effectively as possible. Having done so, they are in a better position to advise schools to do the same.

Resource Reallocation at the School Level

At the school level, resource reallocation largely concerns a different use of staffing resources, as well as better uses of the smaller pots of discretionary resources that exist in some schools. A typical school's staff is divided among five categories:

1. *Classroom teachers*—teachers who teach the core curriculum to students most of the day
2. *Regular education specialists*—librarians and teachers of subjects outside the core curriculum, such as art, physical education, and music, who usually provide planning and preparation time for classroom teachers
3. *Categorical program specialists*—teachers outside the regular classroom whose salaries are paid largely by categorical program dollars, including special education, compensatory education (Title I), and bilingual/ESL funds

School Profile

School: PreK-5 school serving 275 urban students

Student population: 70 percent minority; 56 percent qualify for free or reduced-price lunch

New strategies: A certificated teacher tutor and aide time dedicated to one-to-one tutoring for 20 minutes each day for students in Grades 1-3 who are struggling with the new curriculum; an instructional facilitator; a new reading curriculum; and professional development to help teachers implement that curriculum

How they reallocated resources: The school used the bulk of its state and federal compensatory education dollars to pay for its reforms; some of the money was "new" to the school. The district began allocating Title I dollars to schools in a lump sum the same year the changes were made. Because 56 percent of the school's students qualified for free or reduced-price lunch, the school was eligible to apply its Title I funds to schoolwide purposes. Other dollars were reallocated: Two child development specialist positions, originally hired to deal with behavior problems, were eliminated in favor of a teacher tutor and instructional facilitator. Additional funding came from eliminating two special education positions that were no longer needed because more students were being served in regular classrooms. .

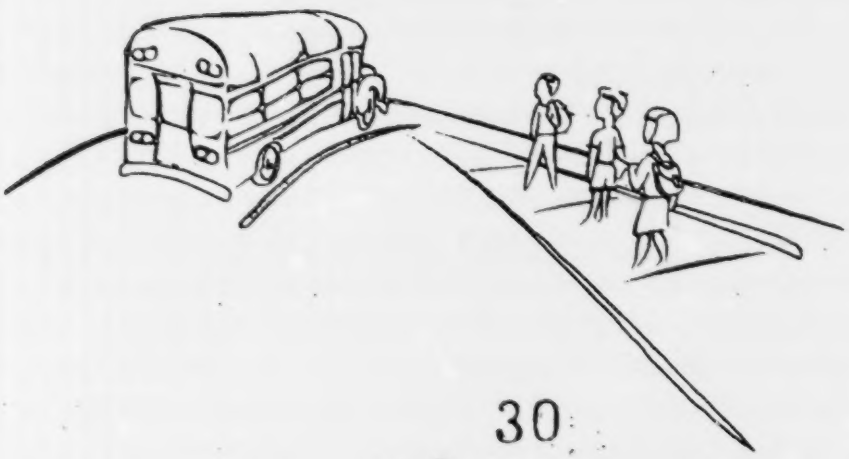
Additional initiatives: The school used regular staff meeting time for professional development related to its new strategies.

Results of the reform: Over the past four years, students have shown dramatic improvement in reading scores on national, state, and district exams.

4. *Pupil support specialists*—professional staff members who provide nonacademic support services to students outside the regular classroom, such as guidance counselors, psychologists, social workers, and nurses

5. *Aides*—paraprofessional staff who provide either instructional support (including working with children both within the regular classroom and in resource rooms) or noninstructional support (including clerical tasks and supervising the cafeteria and/or playground)

In the paragraphs that follow, these staffing categories will be used to discuss the resource and staffing reallocation decisions at the schools studied. Depending on student needs, these practices could be duplicated in your school or district.



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Classroom Teachers

Schools rarely tap this staffing category for reallocation. A number of schools actually increased the number of classroom teachers in order to reduce class size. Indeed, several studies have found elementary schools that pooled resources from nearly all other staffing categories to support a strategy of reducing class sizes to between 15-17 students all day long (Odden & Archibald, forthcoming; or see www.wcer.wisc.edu/cpre/). Research has shown that reducing class sizes to this range has a positive impact on student achievement (Achilles, 1999).

Miles and Darling-Hammond (1998) studied high schools that did the same thing, providing class sizes of about 18. By also implementing an integrated curriculum strategy, these high schools reduced the teacher-student contact to just 36 students a day (compared to the typical 150 in most large high schools), thus making the learning environment more personal and potentially more effective.

These studies also identified a few elementary schools that allowed class sizes to increase somewhat in order to fund professional teacher tutors and full-time instructional facilitators. These schools believed it was more important to have somewhat larger classes (27-28 students) augmented by the intensive help provided by teacher tutors, than smaller classes (22-24) without any tutoring help. The schools' faculties decided that the small negatives from the modest increases in class size were offset by the large positives of hiring tutors and providing substantially more professional development and coaching.

School Profile

School: K-2 school serving 400 urban students

Student population: 38 percent minority, 23 percent qualify for ESL, and 35 percent qualify for free or reduced-price lunch

New strategies: Class size reduced to approximately 16, with inclusion of most special-needs students in the regular classroom

How they reallocated resources: The school reallocated funds formerly used to pay five pull-out teachers for these programs: ESL, Title I, Minority Achievement, and Gifted and Talented. The school received a waiver to apply Title I funds to schoolwide programs. It also acquired a Comprehensive School Reform grant that paid for the professional development necessary to implement the new strategies.

Additional initiatives:

- To ensure that all students' needs could be met in the regular classroom, the principal hired a local professor to teach on-site courses in ESL that would count toward a certificate in ESL.
- The school implemented a policy where all future hires would be dual-certified and, in the meantime, organized teacher pairs so that each had at least one teacher certified in both ESL and regular education. Flexible student grouping made it possible to make special accommodations for these students when necessary.
- The school hired two bilingual resource specialists as floaters to assist with translation when necessary.

Results of the reforms: ESL students began to receive more language arts instruction (in terms of time) and they were served in smaller classes throughout the school day. Teachers report that ESL students are learning English quickly; they also appreciate the continuity of having all of their students in the classroom at one time. Early achievement test results also show progress.

Regular Education Specialists

Staffing resources for regular education specialists generally were not reduced either. The reasons were twofold. First, the schools valued the subject matter that these specialists taught. They also believed for the most part that these subjects required specialists and could not be covered as thoroughly by incorporating them into the regular education classroom. Second, usually the teacher contract required planning and preparation time for classroom teachers; this time was provided when students were with the regular education specialist teachers. Thus, regular education specialists were also viewed as necessary for fulfilling contractual obligations.

Categorical Program Specialists

The most extensive resource reallocations were within the area of categorical program specialists. Again, the reasons were twofold. First, this area is one in which schools had the most discretion for spending resources differently. Second, the schools were most unhappy with the results of the strategies they had been deploying in this area.

This staffing category has three different funding sources:

1. Compensatory education funding for remedial and resource room specialists who provide assistance to low-income students
2. Special education funds, which pay for the specialists who provide services for mildly to moderately

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disabled students both within and outside the regular classroom

3. English as a second language (ESL) funds for students who need to learn English

Compensatory education funds. Title I is the largest source of compensatory education funds, but several states also provide this type of funding. Schools that we studied reallocated both sources of compensatory dollars. One reason that this money could be reallocated so readily is that new regulations allow Title I funds to be applied to schoolwide programs if a school's student population is at least 50 percent low income. Many of the schools studied met this requirement; some that did not meet it applied for and received a waiver to use the funds for a comprehensive schoolwide program. Thus, many schools that had used compensatory education dollars for pull-out remedial specialists and instructional aides began using the funds for more effective schoolwide strategies, including smaller classes, tutors, more professional development, and on-site instructional facilitators. This change was especially welcome because the effectiveness of pull-out programs and the use of instructional aides have been questioned both by researchers (Borman & D'Agostino, 1996; Vinovskis, 1999) and many practitioners. As Colleen Seremet states on the tapes, one of the biggest problems with pull-out programs is that they cause students to miss the instruction they need that is going on in the regular classroom.

School Profile

School: K-8 school of about 700 rural students

Student Population: 2 percent minority, 14 percent qualify for special education, and 51 percent qualify for free or reduced-price lunch

New strategies: Class size reduced to approximately 17, with inclusion of most special-needs students in the regular classroom

How they reallocated resources: The school reallocated almost all of the money formerly spent on pull-out programs for special education to reduce all class sizes. In particular, four resource room teachers became regular classroom teachers and four instructional aides were eliminated to pay for two new regular classroom teachers, for a total of six additional classroom teachers and reduced class sizes of about 17.

Additional initiatives:

- The school adopted a policy that every teacher should be dually licensed in both regular and special education. Although it was impossible to implement this policy immediately, the school decided that all new hires must be dual-licensed teachers, and has concentrated the special-needs students in classrooms where the teacher has both areas of expertise.
- To make the reallocation of special education funds legal for this service strategy, the school changed each student's individual education plan (IEP) to reflect the new service delivery strategies that were being used.

Results of the reforms: Although it is too early to say definitively, thus far the new model has kept test scores at a consistently high level while increasing the number of special-needs students being tested. In addition, teachers report that special-needs students are less stigmatized.

Special education funds. Special education resources constituted the second largest source of categorical staffing resources that were reallocated. Special education dollars, which derive from local, state, and federal sources, often support staff in pull-out resource rooms for students with mental or physical disabilities. Many students with disabilities require services outside the regular classroom, but some, especially those with mild learning disabilities, can be better served in the regular education classroom, especially with one-on-one tutoring to supplement the daily classroom activities.

When schools decide to integrate some of these students into regular education classrooms, funding for the services that are no longer provided outside the regular classroom can be reallocated. School staffs make such decisions with the belief that this change will benefit all children; however, more research needs to be done to determine whether that is actually the case.

ESL funds. ESL and bilingual education resources were a third source of categorical program dollars that were reallocated. Although this possibility only applies to schools with a significant number of students with limited English proficiency, schools that do have such students often receive funding from a combination of local, state, and federal sources. Like compensatory education funds, ESL funds typically are used for pull-out programs. However, many of the schools we studied questioned whether this was the most effective way to serve these students and decided to integrate these students into the regular education classroom all day. Again, more research needs to be done to determine whether this policy benefits all students.

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Special education dollars, which derive from local, state, and federal sources, often support staff in pull-out resource rooms for students with mental or physical disabilities. Many students with disabilities require services outside the regular classroom, but some, especially those with mild learning disabilities, can be better served in the regular education classroom, especially with one-on-one tutoring to supplement the daily classroom activities.

Pupil Support Specialists

Pupil support specialists were the target of a small portion of resource reallocation. One reason is that this category does not comprise a very large share of school budgets. Another reason is that many schools' new educational strategies often did not address the functions served by these staff.

Some elementary schools spent less money on school nurses, thereby freeing up those resources for other purposes. Another school reallocated a half-time guidance counselor to a half-time Reading Recovery teacher in order to concentrate resources on improving reading scores. A high school reallocated all pupil support staff to regular classroom teacher positions, reduced classes all day, and required the homeroom teacher to provide guidance counseling and advice to the 18 students in that class.

Aides

Aides can provide either instructional or noninstructional support. Schools generally reallocated instructional aides, retaining most noninstructional aides to supervise the playground and cafeteria. One school eliminated four instructional aide positions in order to hire two additional regular education classroom teachers to reduce class size. In several other schools, the role of instructional aide was changed from that of general instructional support in the classroom to a one-on-one reading tutor. Although aides as reading tutors do not have the same impact on student performance as do regularly licensed teacher tutors (Shanahan, 1998), this change in the use of aides nevertheless represents a notable shift in staffing resource use.

Other Discretionary Resources

Schools tapped a variety of discretionary resources for reallocation purposes. These included state school improvement or reading grants, funds from the federal Comprehensive School Reform Demonstration (CSRD) program, Goals 2000 and Eisenhower professional development grants, instructional materials dollars, etc. Although often comprising amounts less than $20,000, these funds did total $50,000 to $100,000 in some instances, providing much-needed money to help pay for the new educational strategies. All of these sources, as well as any district or state grants available to your school, should be considered potential sources of funding for school restructuring.

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Implications for District, State, and Federal Policymakers

This booklet has described many of the possibilities for how schools can use current resources to fund more effective educational strategies. While these new educational strategies may not enable them to teach all of their children to state and district standards, these schools have at least begun to use the resources they have in a concentrated attempt to raise student achievement. To continue on this path, and certainly to reach the achievement goals that have been set for all students, schools need the following kinds of support from district, state, and federal policymakers.

District leaders could:

- Help structure the data analysis process at the school and help each school use the results of that analysis to find or construct a new and more effective set of educational strategies that fits the needs of its students and the capabilities of its staff.
- Work with unions to try to build more flexibility into the teacher contract to better enable schools to make changes that will result in higher levels of achievement.
- Provide schools with lump-sum budgets and encourage them to "zero base" their budget by realigning their new budget to the cost elements of their new educational strategy.
- Assist schools in the resource reallocation process by helping them understand the cost needs of their new educational strategies.

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- Reallocate district resources to produce a professional development "pot" of money that could equal up to 3 percent of the overall operating budget and which would be used for the intensive professional development required for both program restructuring and resource reallocation. This strategy would help schools afford the costs of such dramatic changes to their educational programs.

State leaders and education policymakers could:

- Create initiatives like the federal Comprehensive School Reform Demonstration program and federal Title I schoolwide regulations that encourage schools to create schoolwide,

District leaders can help structure the data analysis process at the school and help each school use the results of that analysis to find or construct a new and more effective set of educational strategies that fits the needs of its students and the capabilities of its staff.

integrated strategies that include the state's content and performance standards for all students.

- Develop a framework within which districts would design needs-based funding formulas to provide lump-sum budgets to schools. Further, they could develop a Web- and school-based fiscal accounting system by which both the district and state could monitor schools and schools could track site expenditures (Goertz & Odden, 1999).

- Create a student performance- and school-based accountability system providing both rewards and sanctions. This strategy would help ensure that program restructuring and resource reallocation is conducted in the pursuit of core state education goals.

- Require districts and schools together to create a funding pool that could total up to 3 percent of the operating budget for the type of intensive, ongoing professional development that is required for effective school restructuring and resource reallocation.

Federal leaders and education policymakers could:

- Retain current regulations for using Title I dollars for schoolwide programs, but train both state and local officials, particularly the auditors, to shift their emphasis from fiscal tracking to the key programmatic elements of effective schoolwide strategies.

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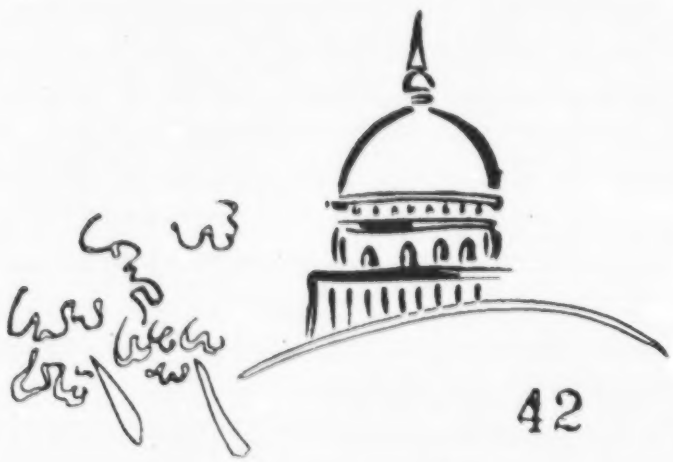
- Continue the current Ed-Flex program, which encourages schools to pool dollars from several different categorical programs and use them for more effective schoolwide educational strategies.
- Continue and expand the Comprehensive School Reform Demonstration program, which provides grant money to schools to enable them to adopt and implement integrated, schoolwide strategies that include a core curriculum and common performance standards for all students. This program includes students with disabilities, students from poverty backgrounds, and students struggling to learn English.
- Enhance accountability programs that focus on student performance results, as the goal of comprehensive school reform and resource reallocation is to improve student academic performance.



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Coming Soon!

Critical Issue: Rethinking School and District Spending

Visit NCREL's *Pathways to School Improvement* server (www.ncrel.org/pathways.htm) later this year for this new "Critical Issue" by Karen Hawley-Miles, president, Education Resource Management Strategies, Dallas, Texas.

As demands to meet the needs of all students increase without a corresponding increase in funding, districts may need to focus on resource reallocation. This "Critical Issue" encourages readers to reexamine district spending and rethink the use of school-level resources to support higher student achievement. The author also looks at ways districts can support schools in this effort.

This "Critical Issues" document includes an overview of current research on resource reallocation, a list of practical suggestions for implementing change while focusing on what is best for students, a caution against pitfalls that may arise in efforts to reallocate resources, and examples of schools that have succeeded.

Additional Resources

Internet Sites

Accelerated Schools
www.stanford.edu/group/ASP

America's Choice
www.ncee.org/ac/intro.html

Audrey Cohen College
www.audrey-cohen.edu

Coalition of Essential Schools
www.essentialschools.org

Community for Learning
www.temple.edu/LSS/csr_cfl.htm

Co-NECT
www.co-nect.com

Consortium for Policy Research in Education,
University of Wisconsin-Madison
www.wcer.wisc.edu/cpre/

Core Knowledge
www.coreknowledge.org

Edison Schools
www.edisonschools.com

Expeditionary Learning Outward Bound
www.elob.org

High Schools That Work
www.sreb.org/Programs/hstw/high.html

L.A. Learning Exchange
www.lalc.K12.ca.us

Modern Red Schoolhouse
www.MRSh.org

New American Schools
www.naschools.org

North American Montessori Teachers' Association
www.montessori-namta.org

The Northwest Regional Educational Laboratory's
Catalog of School Reform Models
www.nwrel.org/scpd/natspec/catalog/

The Paideia School
www.paideiaschool.org

School Development Program
www.info.med.yale.edu/comer/

Success for All and Roots and Wings
www.successforall.net

Talent Development High School
www.csos.jhu.edu/Talent/high.htm

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Dear Colleague:

Standards-based education reform has created a climate of increased accountability and a need to look at the way dollars are spent to achieve desired results. Yet, very few educators believe that they can both raise standards and increase productivity without making changes in educational spending. As a result, some educators are undertaking innovative practices at both the district and school level to reallocate current resources. Others are beginning to recognize the need for change.

This School Development Outreach Project, entitled *"A Better Return on Investment: Reallocating Resources to Improve Student Achievement,"* provides perspectives on this emerging education policy issue from national, state, and local leaders, in both rural and urban settings. Brought to you **free of charge** by the North Central Regional Educational Laboratory (NCREL), this multimedia package includes an informational booklet, "The Dynamics of School Resource Allocation" by Allan Odden and Sarah Archibald, and two audiotapes of interviews with educators from around the country.

over

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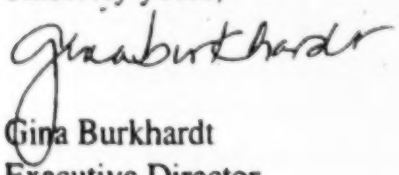
These materials are intended to offer a wide perspective on how school systems can be assessed and the factors to consider when reallocating resources.

We hope you find the package interesting and informative, and share this resource with school leaders in your local distict and community. We always welcome your comments and suggestions. Contact us at 800-356-2735 or info@ncrel.org.

Sincerely yours,



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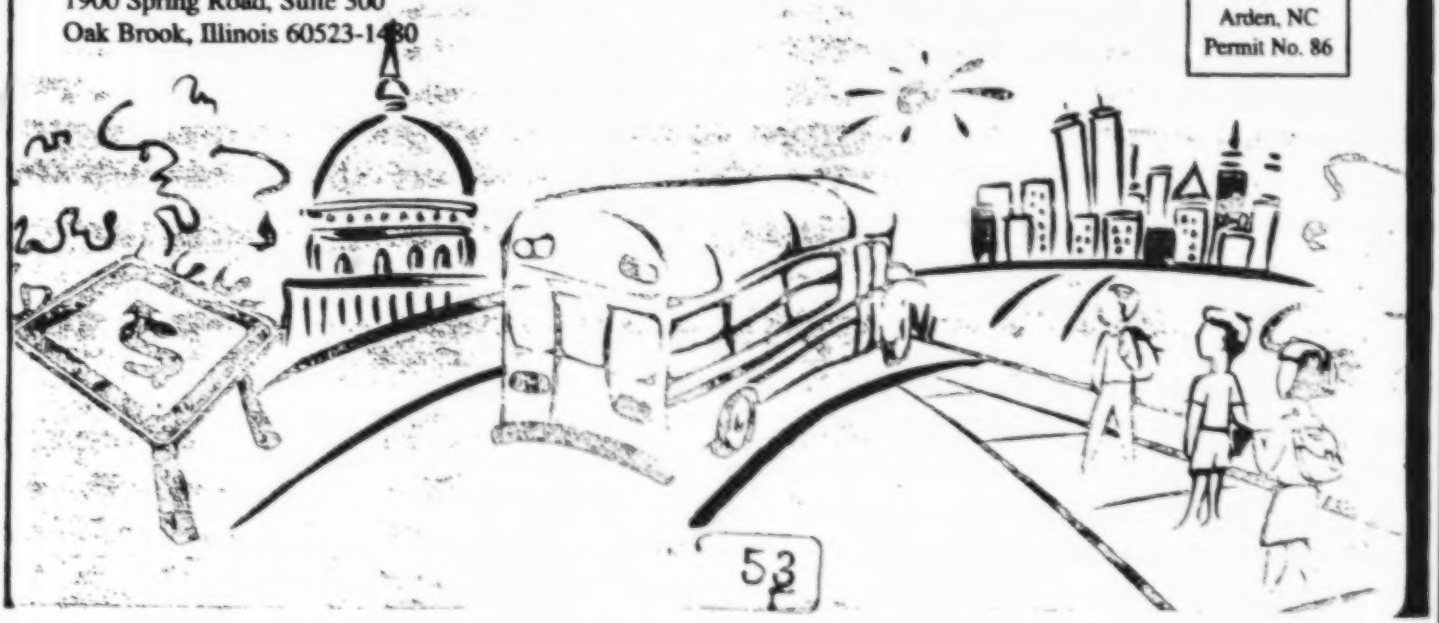

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